

**INFORMATION TO ASSIST PERSONS APPLYING FOR AN INVESTMENT ADVISER CERTIFICATE
POST EFFECTIVE REQUIREMENTS**

Once issued the certificate continues in effect until terminated by surrendering, suspension or revocation.

I. AFFIRMATIONS

(a) Persons who are issued certificates are charged with the responsibility of familiarizing themselves with the applicable sections of the California Corporate Securities Law of 1968 and the California Code of Regulations, Title 10, Chapter 3, Subchapter 2, that includes, among other things:

(b) Promote fair, equitable, and ethical principles of conduct;

(c) Skills and knowledge, or working experience, appropriate for accomplishing compliance with the law and rules; and

(d) Timely payment of all fees.

II. RENEWALS:

An annual renewal fee of one hundred-twenty five (\$125) is due by the 15th day of December each year. Payment of the renewal fee shall maintain a certificate in effect during the succeeding calendar year.

III. BOOKS AND RECORDS: [CCR 260.241.3]

(a) Maintenance and preservation of books and records according to standard accounting principles and the rules and regulations of the Commissioner.

(b) Having books and records available at all reasonable times for examination by the Department.

(c) File an amendment to its application with this Department for any changes relating to the information filed in the original application. The amendment is required to be filed within 30 days after the change has occurred.

IV. CAPITAL REQUIREMENTS: [CCR Section 260.237.1]

(a) No investment adviser who has ANY power of attorney for any investment advisory client to execute transactions or has regular or period custody of any its investment adviser clients' funds or securities, including fees for periodic publication or other investment advisory services paid six month or more in advance of services rendered, shall permit its total aggregate indebtedness to exceed 500% of its tangible net capital or permit its current aggregate indebtedness to exceed its current net capital: and

(1) The investment adviser, that has custody of client fund or securities, shall at all times have and maintain tangible net capital of not less than \$25,000;

(2) The investment adviser that has any power of attorney from any advisory client to execute transaction . . . shall have and maintain tangible net capital of not less than \$5,000: and

(3) The investment adviser that receives fees for periodic publications or other investment advisory services paid six months or more in advance of service rendered. . . shall at all times have and maintain tangible net capital of not less than \$1,000 . . .

V. FINANCIAL FILING REQUIREMENTS:

A. Interim Reports [Re: CCR Section 260.241.2(d)]

Any investment adviser (subject to the minimum net capital requirement set forth under CCR Section 260.237.1) whose tangible net capital is reduced to an amount which is less than 25% of its total aggregate indebtedness or to less than 120% of the minimum tangible net capital required shall file monthly reports with the Commissioner.

B. Annual Reports [Re: CCR Section 260.241.2]

Investment advisers subject to the provision of CCR Section 260.237.1 shall file with the Commissioner, not more than 60 days after its year-end a financial report the purports to reflect the financial condition and results of operations.

Investment Advisers that take only limited power of attorney to executed transactions on behalf of clients shall file annual financial reports prepared in accordance with generally accepted accounting principles and contain a Statement of Financial Condition. Supporting schedules shall contain a computations of net capital, aggregate indebtedness and ratios required under Section 260.237.1 . . . These financial reports need **NOT** be audited, however these financial statements must be accompanied by a verification. The verification must affirmatively state, to the best of my knowledge and belief of the person making the verification, (1) the financial statements and supporting schedules are true and correct and (2) must be signed under penalty of perjury. A copy of the Department's verification form is included in this package.

Investment advisers that have held or accepted custody of funds and/or securities for or owe money or securities to customers or client during the period covered shall file audited financial statements prepared by an independent certified public accountant or independent public accountant. . . .

VI. INVESTMENT ADVISER REPRESENTATIVE (IAR) AND ASSOCIATED PERSONS [RE: RELEASE 105-C]

A. Filing Requirements

1. Employment - Within 30 days of employment of each IAR or associated person, each investment adviser shall file Schedule D and a properly executed Page I, Part I of Form ADV.
2. Termination - Within 30 days of termination of an IAR or associated person, the investment adviser shall file Schedule D with the word "TERMINATION" marked in bold print on the face of the schedule.

B. Qualification Requirements

Each IAR or associated person, except those employed or engaged by an investment adviser solely to offer or negotiate for the sale of investment adviser services, shall comply with the qualification requirement set forth under CCR Section 260.236.

C. Fees

The filing fee for each IAR or associated person is \$25.